

CALIFORNIA ENERGY RESOURCES CONSERVATION

AND DEVELOPMENT COMMISSION

ENERGY EFFICIENCY COMMITTEE

WORKSHOP

TO RECEIVE PUBLIC COMMENT ON

THE COMMITTEE DRAFT REPORT

OPTION FOR ENERGY EFFICIENCY IN

EXISTING BUILDINGS

CALIFORNIA ENERGY COMMISSION

HEARING ROOM A

1516 NINTH STREET

SACRAMENTO, CALIFORNIA

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COMMISSIONERS PRESENT

Jackalyne Pfannenstiel

ADVISORS

Lorraine White, Advisor

Jeanne Clinton, CEC Consultant

STAFF PRESENT

Bill Pennington

ALSO PRESENT

Pete Jacobs  
Architectural Energy Corportion

Bob Raymer  
CBIA

Tom Conlon  
Energy Checkup

Tom Hamilton  
CHEERS

Elizabeth Brode  
CAR

Lance DeLaura  
SDGE

Bruce Cenicerros  
SMUC

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1 P R O C E E D I N G S

2 VICE CHAIR PFANNENSTIEL: Good morning.

3 I think we should begin. Let me start with some  
4 introductions. I am Jackie Pfannenstiel, the Vice  
5 Chair of the Energy Efficiency Committee.

6 This is the Efficiency Committee  
7 Workshop on the Committee Draft Options for Energy  
8 Efficiency in Existing Buildings.

9 My fellow commissioner on the Committee,  
10 Commissioner Rosenfeld is not able to be here  
11 today, so I will be conducting.

12 On my right, is Lorraine White, my  
13 advisor. I would also like to introduce Jeanne  
14 Clinton who is with the staff at the staff table,  
15 who is a consultant to the Energy Commission on  
16 buildings, green buildings generally, and who has  
17 been working with us on this report.

18 With that, I'm going to just offer a  
19 couple of thoughts on what I am hoping we can  
20 accomplish today or at least start in the process  
21 of accomplishing today.

22 First, we have, and I hope everybody  
23 here has a copy of the draft report. As you will  
24 have recognized, this contains some fairly  
25 significant changes from the prior version of the

1 report. What we are trying to do, of course, is  
2 to focus on the questions or the issues that the  
3 legislature asked us to address in the  
4 legislation, the AB549, that this is all about.

5 We are really trying to get what we know  
6 put in a way that suggests what we need to do  
7 whether with legislation or outside of legislation  
8 to accomplish the goal of improving the energy  
9 efficiency of existing buildings.

10 The report in front of you, the draft,  
11 will change some more, even as we have gone  
12 through it, we have seen perhaps ways of making it  
13 stronger, but there is a chance, and the reason we  
14 are here is that we really want to hear from all  
15 of you, from the parties, on what we have either  
16 missed or what we could do better or opportunities  
17 in here that you think we should develop a little  
18 more.

19 I want to very specifically solicit  
20 comments from the parties on both the structure  
21 and the content of the report.

22 There are some specific areas that I  
23 would really like the parties to focus on. One is  
24 the trigger points. This is set up around  
25 identifying and using certain trigger points on

1 existing homes. Do we have the right trigger  
2 points, do they work, are they going to be  
3 effective?

4 A question of whether there are ways we  
5 can bring the municipal utilities, the publicly-  
6 owned utilities into this program. There is not  
7 very much about them in here now, and should we do  
8 more, are there ways people could think of we  
9 could address that more effectively?

10 Another area I would like to look for  
11 comments has to do with multi-family housing. It  
12 is a major part of our building stock, and we  
13 really address it in terms of affordable housing  
14 which isn't, obviously, the whole of that segment.  
15 There might be more effective ways we could think  
16 about that.

17 I'm also interested in from the  
18 utilities standpoint, and I don't know who is here  
19 from the utilities, but we have assumed a fair  
20 amount of utility involvement throughout the  
21 programs, but certainly in the one that we call  
22 the information gateway, and I'd be interested to  
23 hear whether that is something that is feasible  
24 from the standpoint of the utility customer  
25 information systems.

1           Let me stop with that and ask Bill  
2     Pennington to make some remarks about  
3     specifically the changes of the differences  
4     between this report and the prior version. From  
5     there, we are going to just plain take comments  
6     from the parties.

7           MR. PENNINGTON: Thank you. I'd also  
8     like to introduce Pete Jacobs to my right who is  
9     with Architectural Energy Corporation and was the  
10    lead for the consultants that did the work on the  
11    report. Pete is here to respond to any questions  
12    that we might have related to the work they did.

13           This is just a quick thing here as a  
14    kind of back drop so we can really get on to the  
15    comments from the public. Just a quick summary of  
16    what changes were made or the most significant in  
17    my mind anyway that were made.

18           One of the things that we did is that we  
19    tried to elaborate on the context of this report.  
20    What other kinds of efforts have gone on in  
21    California in the past and also very recently.  
22    So, there is additional information related to  
23    past utility energy efficiency activities related  
24    to existing buildings. The PUC program goals that  
25    were recently established with the Energy

1 Commission's collaboration and the 2006-2008  
2 program filing information. Also information  
3 about the Federal Energy Policy Act and what  
4 provisions are in that act that may become useful  
5 aids for increasing the energy efficiency of  
6 existing buildings in California.

7 We covered the residential energy  
8 conservation ordinances that are being conducted  
9 in Berkeley and San Francisco and Oakland and  
10 wanted to have some background related to what  
11 those programs have done in the past and a little  
12 bit about their effectiveness.

13 As Commissioner Pfannenstiel said, the  
14 report was organized pretty substantially. The  
15 executive summary is a much more succinct and in  
16 focus section now. There were redundancies  
17 between sections in the previous version of the  
18 report, and so we tried to reduce those  
19 redundancies.

20 In terms of the action steps for both  
21 residential and commercial buildings, one of the  
22 things we did was that we brought those forward so  
23 that is within those chapters. There was quite a  
24 bit of background information in terms of how the  
25 energy savings was calculated and so forth, sort



1 of the methodological approach for doing those  
2 calculations. Most of that information now  
3 appears in appendices.

4 We did also elaborate in particular on a  
5 couple of the specific strategies to further  
6 explain what the Commission's goals were and what  
7 the concepts were behind those strategies, and, in  
8 particular, the time-of-sale strategy was further  
9 elaborated on, and also the Information Gateway  
10 strategy was further described.

11 Those are the most significant things,  
12 at least, that occurred to me just as background  
13 information.

14 VICE CHAIR PFANNENSTIEL: I think with  
15 that, I would like to ask any of the parties, any  
16 member of the public who would like to address the  
17 Committee on issues with the report, on  
18 suggestions for the report, either in general or  
19 specifically on the items that I mentioned.

20 I should say at the outset that there  
21 will be an opportunity, of course, for written  
22 comments. In fact, we had asked for them in by  
23 the end of the day today, and we will incorporate  
24 those into the record and take those into account.

25 Do we have anybody who would like to

1 make comments?

2 Bob.

3 MR. RAYMER: Thank you, Madame Chair, I  
4 am Bob Raymer representing the California Building  
5 Industry Association.

6 Perhaps it would be easiest if you could  
7 turn to page 16 of the report where it itemizes  
8 Energy and Demand Savings Potentials. At the I  
9 think it was the report dated July, I think there  
10 were two versions of that, our Energy Committee  
11 Chair, Mike (indiscernible) had requested the  
12 individual proposals be somehow ranked.

13 Right now I think at best, we are  
14 getting a generalized table here that lists the  
15 savings, which is very good to have. That is very  
16 useful information. It says down at the bottom,  
17 "These values were assembled from four efficiency  
18 potential studies, etc." and you can access, I  
19 suppose individual numbers that was used to come  
20 up with these summary tables from calmac.org.

21 Having said that, it would be useful  
22 information to perhaps expand on this portion of  
23 the report just a little bit to give the reader  
24 some idea of where you get the biggest bang for  
25 the buck from. I suspect this is going to be --

1     this report will probably gain a lot of usage over  
2     the next I would say three to four years as sort  
3     of tool to try to direct local jurisdiction and  
4     state government policies, be it administrative or  
5     legislative, and it would be nice to have a  
6     document that you could readily refer to.

7             The legislature is never going to take  
8     the time to go into some of these other footnote  
9     reports, and so if somehow some of that data could  
10    somehow be placed after this table to show where  
11    the summaries came from, that would be very  
12    useful.

13            Right now, that is about the only  
14    specific comment I have for the report. In  
15    general, I would like to say that as the sponsors  
16    of AB549, we originally envisioned that we would  
17    probably see a host of large regional programs  
18    aimed at getting audits done in mass quantities,  
19    most likely through either city and country  
20    programs or utilities because those two entities  
21    seem to have the best access to large amounts of  
22    the populous at any given time.

23            Further more, since most residential  
24    construction goes on in phase and has for many  
25    many years, a utility or a local city can perhaps

1 have audits done in a large five to ten block  
2 square, and you are basically dealing with the  
3 same type of construction styles as you go through  
4 this. So, you are going to be seeing a lot as  
5 opposed to having audits done on a random request  
6 basis where you might be dealing with something  
7 built at the end of the Korean War versus  
8 something that was built in the mid 60's, and you  
9 can have entirely different types of HVAC design,  
10 lighting, electrical systems, you name it.

11 It might make it easier for the auditors  
12 to be focusing on large groups of buildings built  
13 at the same time. If you did that in a sort of a  
14 small regional basis, that is kind of what we  
15 envision when 549 was going through.

16 We recognize that time-of-sale was going  
17 to be very controversial. That is why we were  
18 promoting the utility and the local jurisdictional  
19 approach as opposed to time-of-sale, simply  
20 because time-of-sale can be basically stacked up  
21 with all sorts of things that is happening at that  
22 time, and it is about to get even larger. We are  
23 adding a universal design disabled access is now  
24 being placed at pretty much time-of-sale, for new  
25 homes at least.

1           Having said that, I think the report has  
2   really come a long ways, and we like the work that  
3   you have done so far.

4           VICE CHAIR PFANNENSTIEL: Thank you,  
5   Bob, may I just ask a follow up question? Your  
6   original concept then was that somebody, either  
7   the utility or the municipality I think in what  
8   you just said, would actually do an energy audit  
9   for an entire service territory that is a utility  
10   or an entire municipal geography?

11          MR. RAYMER: Yes.

12          VICE CHAIR PFANNENSTIEL: Just go  
13   building by building, and who would pay for that?  
14   How would that be funded in your thinking?

15          MR. RAYMER: Actually, it could be a  
16   very beneficial utility program to the utility.  
17   For one thing, the utilities are already pretty  
18   much going to units on a regular basis. They are  
19   spending very little time there obviously doing  
20   meter readings and what not, but they have -- the  
21   staffs over the years that have done this type,  
22   they have entered in to a variety of programs.

23          We envision that over a decade, you can  
24   basically set aside a number of units per year  
25   over a ten year period and get a huge chunk of

1 your local jurisdiction done without input from  
2 the local city or county.

3 The utilities already have residential  
4 and non-residential programs. This could be a  
5 very useful tool. We do not want to detract from  
6 looking at new construction in either residential  
7 or non-residential. We are just simply saying  
8 you've got this massive amount of built  
9 environment out there, and it makes a lot of sense  
10 to try in a large I would say sort of a mass  
11 basis, try to go out and get this information.

12 Once again, if you take a city block at  
13 a time and start looking at those residential  
14 dwellings, you are going to find that the  
15 similarities between these units are quite  
16 striking, particularly if it is something that was  
17 built in the 70's or 80's.

18 If you go back to the 50's and the 40's,  
19 it is much different. Their custom housing was  
20 sort of the cause, but once we hit the 50's, the  
21 late 50's, and into the 60's, phase construction  
22 became the norm and pushed aside custom housing as  
23 the exception. That certainly took off in the  
24 70's and 80's, and now here in 2005, production  
25 housing makes up probably over 90 percent of the

1 housing stock.

2 I am saying for a huge chunk of your  
3 residential sector, a local jurisdiction or  
4 utility could very easily, without a lot of  
5 effort, get some very useful data to the home  
6 buyers and for themselves on perhaps how they  
7 would want to arrange future programs by going in  
8 and doing these audits.

9 What concerns me is that at the time of  
10 sale, there is a whole lot going in. In the last  
11 decade, I've bought two homes, and it wasn't a  
12 pleasant experience the last time around. I am  
13 now wearing reading glasses probably because of  
14 that single experience. I would not want to  
15 repeat it or push it off on anybody else, but once  
16 you get through the first 15 or 20 documents, you  
17 are kind of numb over this.

18 That is why, once again, we would have  
19 preferred that the disabled access stuff that is  
20 about to take effect, would have been done in a  
21 different fashion, but that was the direction of  
22 the legislature back in 2002. We are about to  
23 implement that in the end of January, and that  
24 information is probably going to fall on ears that  
25 are not going to be too receptive because they

1 simply want to get done with signing the documents  
2 and everything else.

3 I think while I am not saying forget  
4 about time-of-sale, I am thinking that utility-  
5 driven programs with the assistance of the state  
6 or local jurisdictional programs with the  
7 assistance and guidance of the state can be very  
8 productive in conjunction with our new residential  
9 and new commercial standards. That is kind of  
10 where we are coming from.

11 VICE CHAIR PFANNENSTIEL: Thanks very  
12 much. Other questions? Jean?

13 MS. CLINTON: I have a questions. One  
14 of the themes in the current version of the  
15 document is to sort of target trigger points when  
16 a house is being financed or sold, you know, some  
17 appliances being replaced. Your approach would be  
18 more on a massive scale, you know, all the homes  
19 in this subdivision. How do you think that --

20 MR. RAYMER: I'm saying do that in  
21 conjunction. I'm not saying stop doing what you  
22 are proposing in here at all.

23 MS. CLINTON: No, I just want to  
24 understand how it is you think sort of a massive  
25 approach to a community or a subdivision would



1 result in a more effective amount of energy  
2 efficiency being achieved.

3 MR. RAYMER: It may well be possible to  
4 get the community involved. In essence, you have  
5 got a two or three block group of homes where you  
6 can simply send notices saying, hey, if you would  
7 like a free audit or low cost audit, sign up for  
8 this Saturday, and we will have experts coming  
9 through that can provide that to you and basically  
10 make kind of a community event out of it.

11 Actually, there were things like that  
12 going on in the end of the 70's and the early  
13 80's, back when I had a pony tail and other  
14 things, but it is still an idea that can work.

15 I am not saying that in most of your  
16 high population cities, that is going to work all  
17 that well, but in more of your spread out  
18 jurisdictions, that could be very useful, and that  
19 is just one other idea to try to go about this.

20 I am not saying do that over what you've  
21 got proposed here. I like some of your tax ideas  
22 where homes receiving certain assistance or  
23 whatever should have it done. Yeah, they should,  
24 I think that's great.

25 VICE CHAIR PFANNENSTIEL: Thanks. Bill,

1 did you have a question?

2 MR. PENNINGTON: No.

3 VICE CHAIR PFANNENSTIEL: Thanks, Bob,  
4 thank you very much.

5 MR. CONLON: Hi, all, Tom Conlon with  
6 Energycheckup A Service GeoPraxis. I want to  
7 thank everyone here for the time and attention  
8 that has obviously gone into continuing to improve  
9 this report. I think this is a major piece of  
10 work that we will be relying on as Bob said for  
11 the next several years.

12 I jumped up just now because I wanted to  
13 kind of chime in on Bob's comment about the  
14 opportunity to target not just trigger events, but  
15 also geographical regions or segments of the  
16 housing stock that may have common  
17 characteristics.

18 Bob, when you first started to speak, I  
19 thought you were proposing more of a fall back to  
20 traditional in-home audits, which were largely  
21 practiced in the early years of energy efficiency,  
22 and they are not receiving a large amount of  
23 funding from utilities any longer in California  
24 because they are so expensive to do.

25 As I heard you speak, I began to realize

1     that we have an opportunity if we have a trained  
2     home inspection force that is out there doing  
3     time-of-sale audits, they are probably the best  
4     parties to be able to provide those kinds of  
5     weekend special deal existing audits. They will  
6     already know the characteristics of those homes in  
7     that community from having inspected the ones that  
8     are for sale. They could potentially be able to  
9     much more inexpensively do bulk ganged audits in  
10    certain communities.

11           I promise to take that good idea and do  
12    the best I can to integrate it into the services  
13    that we would be helping home inspectors provide  
14    throughout the state. That was my specific  
15    comment on following up to Bob's comment as I  
16    understand it.

17           I have a number of other things to say  
18    about the report. I will launch into that now.  
19    First, I want to welcome the report's frank  
20    acknowledgement, especially on page 21 that many  
21    steps are going to be required before we can  
22    really practically implement the vision I think  
23    that is in this time-of-sale element of the  
24    report.

25           I want to strongly support the

1 Efficiency Committee's acknowledgement of this,  
2 and I guess on Executive Summary 6, the critical  
3 thing is we are asking the legislature to review a  
4 report on the results of the pilot program before  
5 we would move forward with any particular  
6 mandatory requirements. I think that is critical,  
7 and I want to just underscore that aspect of the  
8 report right now.

9 I believe strongly that this whole  
10 proceeding will be effective if we can develop a  
11 practical and reasonable and a win/win partnership  
12 with the real estate community in implementing  
13 this time-of-sale proposal.

14 If we fail to do that, if we produce  
15 regulations that are not going to help these  
16 parties do provide good quality service to their  
17 clients, we are going to end up in endless  
18 quagmire, frankly, about trying to get these  
19 proposals forward and get energy efficiency  
20 disclosure information into the hands of the  
21 people who need it, the home buyers.

22 I think that is an important change in  
23 the report, and I want to underscore how I think  
24 that is going to help us move all the parties  
25 together in the course of the next year as we plan

1 all of this.

2 I really think that the burden is on the  
3 CEC and those of us who are in the implementation  
4 community to work together to develop these  
5 standards and to prove that it is not going to  
6 burdensome on the realtors and the home  
7 inspectors.

8 I have a couple of more specific  
9 comments. I think next I want to draw attention  
10 to -- I get a sense that the report, obviously,  
11 starts out as a very CEC oriented report, but I  
12 think at this point, it could be improved by  
13 making a little more of an attempt to bring in  
14 some of the more recent coordination activities  
15 that the investor-owned utilities have committed  
16 to in their plans.

17 In particular, San Diego Gas and  
18 Electric has filed, and I believe received  
19 approval, for a targeted program they are calling  
20 The Time-Of-Sale Energy Check Up Program. That is  
21 for the 2006-2008 period. The other utilities in  
22 response to their PRG, their Program Review Group,  
23 request have plans to entertain proposals under  
24 their innovative open solicitations.

25 My recommendation would be to make sure

1     that the 2006 - 2008 program cycle is specifically  
2     mentioned in the AB 549 report.  As I read it  
3     right now, the CEC is taking on a lot of  
4     responsibility for this pilot program development  
5     when in fact, I think the utilities are going to  
6     have a strong role in that.  So, that should be  
7     better integrated in the report.

8             Next on page 21, the report notes that  
9     there is over 600,000 home sales a year.  In fact,  
10    it is over 700,000, but I think it is good to be  
11    conservative in the report, especially given our  
12    market conditions this year.  I notice in Appendix  
13    B, that the savings estimates are all driven by  
14    the assumption that there are 322,000 homes per  
15    year in the population that is being targeted.

16            As I understand the reduction that's  
17    occurred in the analysis, it is that this sub-  
18    population is the owner occupied homes.  The  
19    question I have is either why are we only focusing  
20    on owner occupied homes, why are investor  
21    properties going to be exempt from all of this, or  
22    if in fact that is just an analysis issue that  
23    occurred over the cycle of the report, perhaps we  
24    should expand that population to meet the full  
25    600,000 cited on page 21.

1           VICE CHAIR PFANNENSTIEL:  Pete, can you  
2   answer the question?  Was that a deliberate  
3   analytical decision to just use the owner occupied  
4   homes, do you think that we should expand to the  
5   entire population of homes that are sold?

6           MR. JACOBS:  The way the intervention  
7   was designed, the short answer is, yes, we  
8   specifically excluded the investment properties  
9   mostly because an investment transaction is more  
10  like a commercial transaction and less like a  
11  residential transaction.  We were really thinking  
12  it is more like a business as opposed to home  
13  owner type transaction.  So, the way the  
14  intervention was designed, it appealed more to  
15  homeowners to the kinds of things that owner  
16  occupants would likely do, and it was more  
17  tailored along the way that an owner occupant type  
18  transaction would go down as opposed to an  
19  investment type transaction --

20          MR. CONLON:  I can see how  
21  intellectually or analytically that was a  
22  perfectly valid thing to do in the potential side  
23  of this report.

24          From our implementation experience, our  
25  programs that we have run in the past at the time-

1 of-sale, the property may have been an investment  
2 property, but it may be transitioning to become an  
3 owner occupied property or vice versa. We don't  
4 really have any control over that.

5 When we engage with the real estate and  
6 home inspection communities, we are truly dealing  
7 with the full 600,000, all the properties, and, in  
8 fact, our measure adoption rates and -- we had  
9 both types of properties in our population that  
10 the best practices study and others have looked  
11 at, so I would submit that it is probably prudent  
12 to go back up to 600,000.

13 You will notice that when you do that,  
14 the potential numbers to the whole intervention  
15 will jump quite substantially. I think that also  
16 would corroborate some of the comments that have  
17 advanced by the Building Industry Association as  
18 well, and perhaps in the last hearing, I think  
19 there was some concern about maybe where is all  
20 the savings potential we thought was going to be  
21 out there.

22 I am coming to the close here, I  
23 appreciate your tolerance here. On page 22, there  
24 is a reference to the estimated budget for running  
25 this program over the horizon, a \$53 million



1 increasing to \$53 million perhaps in mandatory  
2 program years.

3 I would prefer to see a little more  
4 explanation for what is going into those budget  
5 assumptions because to me, they seem a little  
6 counter-intuitive.

7 If we are going to providing, albeit  
8 through utilities or local agencies or some other  
9 mechanism, incentives in some of the early program  
10 years, I can see how those costs could be  
11 significant, but then once the market is aware and  
12 people have become accustomed to this, then  
13 there's the need for a high expense in later  
14 program years. I am trying to understand what is  
15 driving that.

16 Is there a huge enforcement expense that  
17 is anticipated? I don't really see that as being  
18 needed, but perhaps that is in here. I am not  
19 really sure what is driving those assumptions. I  
20 would intuitively expect more of a bell-shaped  
21 expense curve over time.

22 VICE CHAIR PFANNENSTIEL: Again, is  
23 there an easy, quick answer to that, or is that  
24 something we can look at later?

25 MR. JACOBS: Yeah, there sure is. You

1 know, we are carrying an incentive for buying down  
2 rating costs and also --

3 MR. CONLON: Retrofit?

4 MR. JACOBS: Well, not --

5 MR. CONLON: That's not included?

6 MR. JACOBS: Not for hardware, but there  
7 is also training and program support dollars that  
8 are right now being carried on a per home basis,  
9 so the reason that number has gotten so big is as  
10 the population gets larger, that number gets  
11 larger. I actually made a note in my copy of the  
12 report to think about at some point withdrawing  
13 the need for those incentives to once the program  
14 really takes hold --

15 MR. CONLON: Sure, once it truly  
16 becomes --

17 MR. JACOBS: -- and we get enough people  
18 trained and so forth --

19 MR. CONLON: -- mandatory and those  
20 initial expenses of retraining and bringing the  
21 whole industry up to this practice, assuming that  
22 we can meet the thresholds of a truly not overly  
23 burdensome process, then I think we can see some  
24 cost savings in later years.

25 MR. JACOBS: Indeed, the text mentions

1     having eventually the ratings being rolled into  
2     the transaction costs and also involving some  
3     other industry support in doing training. So, it  
4     may not necessarily need to be funded out of this.

5             MR. CONLON: Okay, so, thank you very  
6     much. I appreciate the time.

7             VICE CHAIR PFANNENSTIEL: Question. If  
8     we proceed with and either through the Energy  
9     Commission's own authority or through legislation  
10    with something that ends up looking like some of  
11    the proposals contained here, the time-of-sale  
12    being one and perhaps some of the others, will  
13    there be enough auditors in the State of  
14    California to handle this kind of demand?

15            MR. CONLON: I was asked this question  
16    in Texas when the Energy Star New Homes Program  
17    was being launched because there was great concern  
18    there as well, will we be able to keep servicing  
19    the home building need.

20            I would point to the market as pretty  
21    effective at bringing parties in to provide  
22    services. If you look right now at the way the  
23    market cycles up and down to provide home  
24    inspectors to service the needs of realtors, even  
25    without licensing in California and even without

1 any -- there is a disclosure requirement in  
2 California, but there is not a specific home  
3 inspection requirement per say.

4 Yet, you see that this industry has very  
5 rapidly organized itself and is providing services  
6 that meet the liability needs that are really  
7 driving the home inspection industry.

8 I would argue that if we create these  
9 new rules and we work with the parties who are  
10 already providing these services, know how to do  
11 it, know how to organize themselves quickly to  
12 respond to changes in the market, I will feel very  
13 confident that the state will be able to train and  
14 provide the services needed.

15 The key thing is if those regulations  
16 are so burdensome or we are so discriminating in  
17 who we let provide the service. That is the only  
18 thing that would create a bottle neck. If we only  
19 let registered engineers provide the service, we  
20 would I believe see a huge bottleneck and not be  
21 able to meet the need.

22 On the other end of the scale, if we let  
23 anyone who graduated from high school provide this  
24 service without any special training, we have a  
25 problem there as well. I am looking forward to

1 the HERS II proceedings where we get into the  
2 details of exactly how will the home inspection  
3 industry need to be retrained, cross-trained to  
4 provide energy inspection services at the level of  
5 detail and skill needed to support the policy  
6 objectives of this report.

7 VICE CHAIR PFANNENSTIEL: Thanks, Tom.

8 MS. WHITE: Before you go, I just have a  
9 couple of questions. In light of your comments on  
10 the investment properties, did you have any  
11 thoughts on multi-family homes?

12 MR. CONLON: On multi-family, I did  
13 actually jot down some notes on multi-family while  
14 Commissioner Pfannenstiel was introducing. My  
15 main comment on multi-family right now has to do  
16 with the incomplete state of analytical tools to  
17 support the analysis of home energy ratings of  
18 multi-family properties.

19 Our software does -- we went through a  
20 cycle of updating it to be able to address smaller  
21 multi-family properties up to five units I believe  
22 and mobile homes. We are currently working on a  
23 project that is an eight-story converted hotel  
24 that is in a low income multi-family building in  
25 Fresno. Our tool simply was not designed to

1 service that. I don't believe of the HERS tools  
2 used in California were really designed to do that  
3 kind of building analysis.

4 I would like to see the Commission and  
5 the utilities coordinate together to develop a  
6 better analytical foundation for the kind of HERS  
7 rating and recommendations that are needed for  
8 multi-family properties.

9 MS. WHITE: Based on your experience,  
10 what are some of the biggest differences that have  
11 to be taken into consideration in developing that  
12 kind of a tool?

13 MR. CONLON: As Pete very well knows and  
14 I am sure other people in the room as well, the  
15 multi-family properties have different aspect  
16 ratios and amount of load bearing envelop relative  
17 to their square footage. They have a lot less  
18 wall area, exposed ceiling area. They have  
19 different heating and cooling systems, centralized  
20 systems.

21 I know the Commission has worked on the  
22 new construction software in the last few years  
23 and tightened up some of the loop holes that were  
24 in the previous generation Title 24 compliance  
25 software, but that same problem is even a bigger

1 issue in existing homes or existing multi-family  
2 buildings which have systems of a much wider  
3 variety of ages and efficiency characteristics and  
4 distribution loss characteristics, and all those  
5 sorts of things.

6 It is a very technical issue and a  
7 technical problem, but there is no question that  
8 we have the capabilities to solve it if we devote  
9 the resources.

10 MS. WHITE: That is good to hear.

11 VICE CHAIR PFANNENSTIEL: Other  
12 questions? Thanks, Tom.

13 MR. HAMILTON: Good morning,  
14 Commissioner and staff. My name is Tom Hamilton.  
15 I am the Executive Director of CHEERS, California  
16 Home Energy Efficiency Rating System. We are an  
17 approved HERS provider.

18 A couple of comments, and then I will go  
19 into a little bit about the report. As far as the  
20 number of raters, I totally agree with Tom about  
21 how the market will respond.

22 CHEERS was created in 1990. We were  
23 approved in 1999 by the Energy Commission. At  
24 that time, we had about 150 raters certified  
25 statewide. During that time when the new

1 standards, the '01 standards came about, where  
2 there was going to be greater use of raters for  
3 new construction, we had a large increase of  
4 people being certified, up to maybe 300.

5 When the '05 standards came out, not  
6 only were we impacted by the number of raters  
7 being needed, by the end of this year, we will  
8 have about 700. By April/May, we will probably be  
9 over 1,000, but we also saw one additional HERS  
10 provider come to the table to be certified in that  
11 time frame.

12 We also understand that there is other  
13 people that are applying to be HERS providers, so  
14 the market is telling organizations that there is  
15 opportunities out there. So, that sort of  
16 addresses the number of raters that would be  
17 needed.

18 The question really is then, how many  
19 raters do we really need, and this is an issue  
20 that we still face with the replacement market  
21 regulations because replacements really for A/C  
22 are a bell-shape curve, it is Memorial Day to  
23 Labor Day where the majority of the replacements  
24 occur. So, we may need a couple of 1,000 raters  
25 during that time, we may not, we are not sure yet,



1 but we will be prepared.

2           Concerning the apartments, a specific  
3 item is that in the report and maybe this goes to  
4 more analysis or once we begin the process of  
5 better segmentation of the market, as an example,  
6 with multi-family, the appraisal industry.

7           When an appraiser does an appraisal or a  
8 single family home if one is even done, it is  
9 either artificial intelligence or where an  
10 appraiser may show up. They are doing it based  
11 upon market values or comps in the area.

12           On multi-family, appraisals are  
13 completed based upon income approach, where they  
14 are going to do comparables based upon rents,  
15 market rents, and then operating expenses of that  
16 property. That is where you get what's called a  
17 debt service coverage ratio.

18           One potential idea or example is  
19 speaking with OREA about their certified  
20 appraisers that when a multi-family property is  
21 appraised, that that appraiser would integrate a  
22 rating or specifically call out energy efficiency  
23 features. This sort of goes to Tom's point also  
24 on the software, we were quite involved with the  
25 Phase II regulations until there were more

1 pressing issues, and we were working on the  
2 software at that time also. It is very doable.

3 Another example is that early on, RESNET  
4 is the national sort of organization for HERS  
5 providers. Nationally, we have multiple providers  
6 in every state, where that wasn't the case several  
7 years ago.

8 Obviously, we are a non-profit, and we  
9 train and certify raters, so time-of-sale, you  
10 know I am going to say, yes, we have to do that.  
11 Having sold a house recently, what really needs to  
12 be done or something, is similar to what Tom is  
13 saying, but maybe expanded.

14 I had five different individuals come to  
15 my house to do something. I had a termite  
16 inspector, home inspector, because I am in LA  
17 county I had a water conservation company, I had  
18 an earthquake valve company that had to come out  
19 and replace something. Is it similar to how a  
20 termite inspector is licensed or certified, I am  
21 not exactly sure how it works, they come out and  
22 say, yes, this house has termite damage or it  
23 doesn't. They indicate where and what needs to be  
24 done, then that termite company also does the  
25 work.

1           Now, if there can be something created,  
2   almost a master certifier if you will, where this  
3   individual can accomplish the termite inspections,  
4   the home inspections, the ratings, whatever, it  
5   simplifies the process, reduces the cost because  
6   now instead of having five or six people show up  
7   at the house, I have one that can do six jobs.  
8   So, actually it is more effective and more  
9   efficient.

10           Other trigger points besides just the  
11   time-of-sale certainly makes sense I think because  
12   the way the products are done is the improvements  
13   don't have to be done prior to the close of  
14   escrow, they can be done anywhere from 60 to 120  
15   days after the close of escrow. There is this  
16   whole bank account that is created to pay the  
17   contractor.

18           Similar to that is, and it is probably a  
19   little more difficult, in the financing arena is  
20   think of all the refinancing that has occurred.  
21   The reason people have refinanced is not only  
22   because of lower rates but also equity that they  
23   are pulling out of the house.

24           Depending upon who you get your loan  
25   from, they are either nationally regulated or

1 state chartered or even in some cases locally  
2 regulated. So, it is probably a little trickier  
3 if you are going for an equity line of credit with  
4 an on-line company versus a local credit union  
5 that may be regulated by the state versus national  
6 standards. Then you get into the various federal  
7 agencies that regulate them. It is a little more  
8 complicated, but, again, it is an opportunity I  
9 think.

10 The last item that I had was more just  
11 this sort of ties in to the information portal  
12 approach. The one document that everybody always  
13 reads is their tax statement. Even though your  
14 loan may be impounded, you still get a copy of  
15 your supplemental tax bill. Of including  
16 something in there to let the consumer know you  
17 are available for a free audit or this is what is  
18 going on, here is the information.

19 The internet is a great thing except  
20 that we found out recently there is only 13 route  
21 servers in the world that manage the internet.  
22 One of the route servers in Germany blacklisted  
23 our organization as being a spammer, so now we  
24 have to get off the blacklist, but a lot of the  
25 problem is there is still a high percentage of the

1 population that don't have internet access.

2 It helps in a lot of ways, but there has  
3 still got to be some face to face with those  
4 consumers. If it is in with putting more emphasis  
5 on when you purchase a loan that the lender has to  
6 provide the information because they are the ones  
7 that are benefitting. If you make the  
8 improvements, the loan amount is higher, your  
9 servicing fee income is higher to that lender.  
10 So, they value that of providing some kind of  
11 information at that point in time.

12 That is about the extent of my comments.

13 VICE CHAIR PFANNENSTIEL: Excellent  
14 comments. Thank you. Other questions.

15 MR. PENNINGTON: I really didn't  
16 understand the supplemental tax bill idea. Could  
17 you elaborate on that.

18 MR. HAMILTON: Basically, yeah, you get  
19 a tax bill once a year to show pay taxes in  
20 November or April I think. Of just including  
21 information in that about energy efficiency  
22 programs and tying it to the information program  
23 that you have outlined in the proposal. Including  
24 with the utility bill, there is still a lot of  
25 concern from consumers, they don't understand of

1 well, you make money from selling electricity or  
2 gas, so, why are you telling me not to use  
3 electricity or gas. A lot of the times, the  
4 inserts aren't read as much as they should be, but  
5 a tax bill you always look at because the tax  
6 people always tell you pay them both in the same  
7 year.

8 Even if it is impounded, you have to  
9 send a copy, but you are still going to look at  
10 everything contained in that tax bill. It is just  
11 an approach to try and get information out.

12 VICE CHAIR PFANNENSTIEL: Thanks.

13 MR. HAMILTON: I'm sorry, and I would  
14 obviously totally support beginning Phase II for  
15 the HERS regs, so, thank you.

16 MS. BRODE: Good morning, my name is  
17 Elizabeth Brode, I am with the California  
18 Association of Realtors.

19 We have a few comments. One of them  
20 somewhat piggybacks on what everyone was just  
21 speaking of regarding the utilities.

22 We do enjoy the idea that all consumers,  
23 and you could get full market penetration from  
24 this idea, all consumers could get a sort of first  
25 blush look of the energy efficiency of their home

1 by having some sort of rating system on their  
2 utility bill, and then having like an insert or  
3 some sort of guide to what that means, where they  
4 fall into the average home size, if they are  
5 achieving or anywhere near energy efficiency  
6 standards, or something to that effect.

7 That would come to every consumer, and  
8 that would create full market penetration. That  
9 could also serve as a vehicle for providing  
10 additional information programs, any other  
11 information websites or brochures available to the  
12 public to improve their energy efficiency within  
13 their homes. That would be like an ideal vehicle  
14 that could reach everyone.

15 MS. WHITE: On that point, would that be  
16 based on their actual net consumption, their  
17 usage, rather than kind of -- because a lot of the  
18 utilities wouldn't even know the square footage of  
19 a home necessarily, they just have the billing  
20 information.

21 MS. BRODE: Sure. What you could  
22 probably do is create a chart that would go, you  
23 know, average what would be an efficient amount of  
24 use, an average amount of use, and then cross  
25 reference it with square foot averages. That way

1 the consumer can see where they fall into an  
2 efficiency standard. That would be a very quick  
3 and dirty way, and then it could peak someone's  
4 interest, and then they could go ahead and pursue  
5 energy efficiency, you know, if they would like.

6 Another concern of ours comes from the  
7 chart on page 24, which is the Action Plan for  
8 Time-of-Sale Disclosure Information. It also  
9 corresponds to the fact that I use the information  
10 on page 51.

11 According to the information on page 51,  
12 about 332,000 resale transactions are going to be  
13 targeted for the time-of-sale disclosure, and  
14 considering information on page 13, which  
15 indicated that 72 percent of the housing stock is  
16 pre-1982, that gives us roughly 250,000 homes that  
17 would be targeted within the pilot program.

18 According to the schedule on page 24, it  
19 seems to us a little aggressive or perhaps  
20 ambitious to try and achieve market penetration of  
21 250,000 within one year in a pilot program and to  
22 adequately gather, assess, and analyze the data  
23 for, you know, what was the market penetration,  
24 were the energy savings that were anticipated  
25 realized from this pilot program, was it



1 detrimental or did it have a negative or even  
2 positive facts, whatever, what was the effect at  
3 the time-of-sale.

4 We don't think that one year is enough  
5 time to adequately roll out this pilot program and  
6 then turn around and analyze it and start Phase  
7 II. It seems in the report that the success of  
8 the pilot program has been pre-supposed, and that  
9 it is just going to roll. So, is it really a  
10 phase in, or is it really a pilot? It would  
11 appear that according to this schedule, that it is  
12 a phase in as opposed to a pilot.

13 Those are some of our concerns, and that  
14 is pretty much it.

15 VICE CHAIR PFANNENSTIEL: Thanks.

16 Questions for Elizabeth? Pete.

17 MR. JACOBS: I can provide  
18 clarification. The participation rates that we  
19 show there is essentially Phase II full  
20 implementation, and the participation numbers that  
21 we are assuming in the pilot are significantly  
22 smaller. I think that the action there might be  
23 just to show those numbers explicitly, but in our  
24 assumptions, the actual pilot participation  
25 numbers are a fraction of what's the full

1 implementation numbers. I can look that up.

2 MS. BRODE: It does seem a bit  
3 ambitious, though, within the time frame to do one  
4 year and then to gather and analyze the data.

5 VICE CHAIR PFANNENSTIEL: Yeah, I hear  
6 that, thanks. Others?

7 MR. DELAURA: Hi, I am Lance DeLaura  
8 with Southern California Gas Company and SDG&E.  
9 This is my colleague, Jerine Ahmed.

10 A couple of comments. First of all, we  
11 speak for our utilities, we don't speak for the  
12 statewide utilities at this point. I don't think  
13 there has been enough discussion.

14 As far as this notion of the best way to  
15 attack the market, I guess my recommendation is  
16 sort of in line with Tom Conlon's that you have  
17 this wide variety and hopefully a growing wide  
18 variety of home inspectors that are in the market  
19 place that I really think will be over the long  
20 term probably the most cost effective way to do  
21 this.

22 The concern of the utility in doing this  
23 as a consequence of doing audits, Tom mentioned  
24 that it is very expensive, and that is why we've  
25 stopped doing them, or they will be curtailed is

1 very true. You think of the housing stock that  
2 there is in California, yes, we do have meter  
3 readers that are out there. Those meter readers  
4 are there for just a very short time, they are  
5 there to get a quick read and to move on.

6 If you think of the amount of time that  
7 it takes to do what would be a thoughtful home  
8 inspection, it is much more than a meter read, and  
9 we are currently not funded in our rates. We are  
10 not staffed to do that. I think it would be a  
11 much better approach to use the people that are  
12 actually in the marketplace doing this work all  
13 ready.

14 A couple of things on the positive side  
15 I would say, as far as the utilities in terms of  
16 outreach, there is mention of booklets and  
17 information, use of the web. We very much support  
18 that. We do that currently in our programs. We  
19 think there is definitely room for us to continue  
20 to do that, maybe even do more of that in support  
21 of this.

22 We also have something called "on-line  
23 surveys" that we do. This would be where the  
24 customer can go on line. They can put their on  
25 profile of their structure into the web along with

1     some of the attributes. One of the dangers you  
2     alluded to a couple of minutes ago, we were  
3     talking about having sort of this signal that  
4     says, okay, here is an (indiscernible) of a  
5     residential customer.

6             I actually managed the mass markets for  
7     both of our utilities, and I can tell you that is  
8     an allusive definition. There isn't one.

9             One of the other problems that we have  
10    had through programs that we've run in energy  
11    efficiency is trying to get a sense of what the  
12    impacts are of the efficient measures after they  
13    are installed. So, as an example, someone will  
14    install an energy efficient furnace, and you can  
15    look at their bill profile before that is done,  
16    and you can look at it afterwards, and you can  
17    actually see instances where the bill has gone up.

18            There are a wide variety of reasons why  
19    that could happen. One of the suppositions that  
20    we have is that people want to be more  
21    comfortable. They have just spent all this money  
22    on an efficient furnace, they think, ah, we are  
23    saving money, we can turn the thermostat up.

24            Some of the other things that have  
25    happened are they start using other rooms that

1     they weren't using. They want to keep that room  
2     warm. The reason I am saying that is there is  
3     anomalies that are here, and I think we have to be  
4     very careful about what we are promising or  
5     holding out to the consumer as what we would do.

6             It makes a lot more sense if it can be  
7     personalized for the customer where they can get  
8     their own information. As an example, our  
9     customers, and this is true of all the utilities,  
10    have on-line access to their customer information.  
11    They can go to the web, they can get a code that  
12    is unique to that customer, and then they can get  
13    their own bill profile, and they can see.

14            In addition to that, they can go to the  
15    on-line audit and plug that information in along  
16    with family size, attributes, occupancy in terms  
17    of the day and night, that sort of thing, and get  
18    a meaningful or more meaningful version of an  
19    audit. It is a cursory, it is not somebody going  
20    out to the structure, but it gives them a good  
21    indicator of what can be done.

22            Another point I would make is in terms  
23    of the notion of time-of-sale versus just having  
24    this blanket approach, I think you can do both. I  
25    think there can be general information that is

1 provided to the customers at large. I think that  
2 is useful. That is part of education, that is  
3 something that the utilities currently do.

4 I do think that you want to have a  
5 measured approach of looking at structures rather  
6 than just -- ideally if you had all the money in  
7 the world, you would want to do that. You would  
8 say, hey, let's send a hit squad out, let's go  
9 neighborhood by neighborhood. I am not sure how  
10 realistic that is.

11 I think you do want to take a look at  
12 structures at the time-of-sale at some point. I  
13 am not qualified to give you what that point is,  
14 but at some point in the transaction, to have some  
15 intervention.

16 As far as the rebates that the utilities  
17 offer, I think everyone knows that in the next  
18 cycle, the next three-year cycle of energy  
19 efficiency, we basically quadrupled the funding.  
20 My recommendation would be that anything that is  
21 tied to this project of AB 549, point the  
22 customers in that direction.

23 We could certainly use the help. We  
24 have some very lofty goals that we definitely want  
25 to make, and I think it would be beneficial to

1     this effort as well, so, you are basically  
2     informing the consumer of the status of their  
3     situation and maybe the opportunity, and then what  
4     are the alternatives, what are the things that  
5     they can do, and what types of assistance they can  
6     get.

7             I think the utilities can help with that  
8     too in terms of packaging of information. That we  
9     can provide in a wide variety of ways, again,  
10    possibly through the bills, certainly through the  
11    web, certainly through some advertisement that we  
12    would do.

13            VICE CHAIR PFANNENSTIEL: Thank you.  
14    First, I just want to make sure, you mentioned  
15    there is limited funding available for energy  
16    audits now.

17            MR. DELAURA: Yes.

18            VICE CHAIR PFANNENSTIEL: Somebody  
19    calls, San Diego Gas and Electric and says I want  
20    an energy audit. You don't do them, or you do  
21    fewer of them, or you refer them?

22            MR. DELAURA: We do fewer of them. We  
23    try to screen before we actually send somebody  
24    out. Typically what happens is someone will call  
25    and say I have questions about my energy use,

1     either I've just moved into the structure or I  
2     have been living here for a period of time, and I  
3     am concerned about what I am seeing with my bill.

4             We have a high bill investigation group  
5     that then works with them and basically takes them  
6     through a series of questions on the phone to  
7     start with, sort of a self-diagnostic. If the  
8     customer still believes that there is more that is  
9     needed, then we will send someone out to look.

10            The first thing that we look at is the  
11     meter itself to make sure that we are getting a  
12     proper registration. Then we will do a very  
13      cursory view to see if there are any anomalies.  
14     Are they leaving something on, this is more from a  
15     usage perspective, not so much an audit. Finally,  
16     if we have done all of those things, and  
17     especially on the business side, the commercial  
18     industrial side, if the customer is just convinced  
19     that there is something that is wrong, we will do  
20     an audit.

21            VICE CHAIR PFANNENSTIEL: About what  
22     percent if you have any sense of this number, of  
23     your next program cycle dollars would you say  
24     would be applicable to the residential existing  
25     housing market?



1           MR. DELAURA: It is quite large, and I  
2   am going to take that question in a broad sense,  
3   so I'll give you a couple of qualifiers if you  
4   would like me to narrow it, I will.

5           We probably have at least 50 percent of  
6   the portfolio dedicated to residential. When I  
7   say residential, it is a wide variety of things.  
8   It could be all of the typical measures you would  
9   think of of water heatings, space heating, the  
10  shell measures, the information to customers, a  
11  wide variety of things. When you bundle those  
12  together, it would be approximately 50 percent.

13          VICE CHAIR PFANNENSTIEL: Such items as  
14  audits or information provided over the phone,  
15  would those be counted as resource programs or  
16  information programs?

17          MR. DELAURA: It depends on the  
18  situation. This high bill investigation unit that  
19  I described to you is neither, it is an O & M  
20  activity.

21          As far as the audits for customers, when  
22  they are looking for an energy audit, that would  
23  be a resource, and it is considered information  
24  that we do.

25          VICE CHAIR PFANNENSTIEL: In the draft

1 report, there is a fairly long discussion of the  
2 action called the Information Gateway, and some of  
3 it becomes fairly prescriptive on what the  
4 utilities would be expected to do or developing  
5 systems and using billing systems, customer  
6 information systems. Does the description of  
7 these programs seem reasonable to you, and they  
8 are either being done now or can be implemented at  
9 a relatively under the kind of cost that would be  
10 already in your efficiency programs?

11 MR. DELAURA: Much of the general  
12 approaches that are described are done somewhat.  
13 It depends on what they are. As an example, when  
14 we talk about doing an analysis of customer bills,  
15 if somebody wants to know what their usage has  
16 been for the past year or two, we certainly do  
17 that.

18 Do we do it as a normal course of  
19 business for the six million customers, let's say,  
20 for Southern California Gas Company on a regular  
21 basis, no. We would not be equipped currently to  
22 do that on a regular basis, to provide that kind  
23 of information.

24 Now could we? I think there are other  
25 ways to do that, though. That is not a no, it is

1 just that we are not funded or set up to do that,  
2 nor would our systems be capable of doing that.  
3 That is a lot of volume to do at once.

4 I think there are ways, though. I  
5 noticed in the report that you talk about a  
6 committee that would be formed with the utilities  
7 and other stakeholders. I think that is probably  
8 the appropriate way to do it is to take a look,  
9 not so much at the prescriptive approach of how to  
10 do it, but to look at the end product and examine  
11 opportunities and say how best would we do this.

12 If we wanted to reach out to a broad  
13 range of customers at once, does it mean that all  
14 of the utilities would need to invest these huge  
15 sums of dollars in information systems? Maybe  
16 not. There might be other ways that we can do  
17 this sort of data that we already gather.

18 There also might be the instances where  
19 there would one offs, where there would be  
20 something that occurs a few times during the year  
21 that we could manage better rather than having  
22 this as this huge machine that is moving all the  
23 time.

24 VICE CHAIR PFANNENSTIEL: Lance, if you  
25 have the report there on page 25, it actually says

1 the Efficiency Committee recommends a strategy be  
2 implemented to the following actions. The first  
3 bullet is each utility should establish a  
4 centrally administered information gateway,  
5 residential energy efficiency program referrals.  
6 Then it goes on and describes what that would look  
7 like in terms of the system's approach.

8 I really need some confirmation that if  
9 this report went out with that in it, that the  
10 utilities wouldn't come back to us and say we  
11 can't possibly do this, we don't have the systems,  
12 we can't afford to build the systems. I would  
13 sort of like to know now if that is what your  
14 reaction is.

15 MR. DELAURA: If I had to give you a  
16 reaction this moment, I would say, yes. What you  
17 just said is true, that the systems are not there  
18 to do that in its current form. I would say that  
19 depending on the timing for when you would want to  
20 have this done, if we could take a look at this as  
21 a utility group, and as I said before, examine  
22 alternatives, there might be ways to do it. If  
23 you want an answer today that says, can we do  
24 this, is there a button we can push, no.

25 VICE CHAIR PFANNENSTIEL: You don't know

1 offhand whether this is a major expense, whether  
2 it is an expense that would be covered within your  
3 program budgets or not?

4 MR. DELAURA: My suspicion is that it  
5 would not be covered in the program budgets, that  
6 this would be incremental, and it would have to be  
7 something that would be planned for.

8 VICE CHAIR PFANNENSTIEL: Lorraine, you  
9 had a question?

10 MS. WHITE: Yes, thank you. It goes  
11 back to a series of comments that you had made at  
12 the beginning of your discussion that relate to  
13 the few audits that you do do, and that with the  
14 growing variety of inspectors available, it would  
15 be more appropriate for them to do them.

16 Then you went on to say that you have  
17 some tools available on your website for people to  
18 do self diagnostics for their facilities. If  
19 someone were to get a home inspection, is there a  
20 way of providing some of that information within  
21 those home diagnostics to best identify  
22 specifically what they could do through the  
23 utility programs and what they could take  
24 advantage of?

25 I have had experience with some of these

1 on-line diagnostics. They are very general, and  
2 when you are done, they don't point you into  
3 anything that the utilities are doing that could  
4 help you lower your bills or improve the  
5 efficiency of your home. You are essentially left  
6 on your own to filter through all of the materials  
7 on these websites to try yourself identify what  
8 can be done.

9 If we were to work with these inspectors  
10 and try and provide these tools to the consumer,  
11 how could we do that with your existing systems?

12 MR. DELAURA: I think we can do it in a  
13 couple of ways. One is we could take a look at  
14 what the outputs are from those audits and maybe  
15 have some standardized language that first of all  
16 points to the rebates themselves. That is one  
17 way, that is taking it to the next step.

18 The other thing I think we can do is  
19 maybe show some sort of a hierarchy. In terms of  
20 the things that you do, what has the biggest  
21 benefit in terms of energy savings, at the same  
22 time, letting them know there is a higher cost  
23 usually associated with those, but at least an  
24 indicator saying if you did these things and if  
25 your survey or your audit shows these types of

1 things might be beneficial, these are the things  
2 you might want to consider in some sort of  
3 prioritized order.

4 In fact, we have done that in some  
5 instances on a customized basis for customers.  
6 Again, I am speaking for our utilities, so I am a  
7 bit awkward here talking for the rest of the  
8 state. I think it could be done. My sense would  
9 be that rather than trying to customize for each  
10 individual customer, if we can point them to the  
11 rebate programs, if we can give them some general  
12 indicators on the things that are the most  
13 beneficial, those certainly would be doable.

14 MS. WHITE: Following on that, you had  
15 mentioned that trying to do something fresh is  
16 problematic because you really need to be able to  
17 customize the information for the consumer. I am  
18 a little confused now by your latter statement --

19 MR. DELAURA: Let me clarify, that what  
20 you want to avoid doing, this is something the  
21 utilities try to be very careful of. We've had  
22 instances in the past where recommendations had  
23 been made to customers that they would do  
24 something very specific. The customer ends up  
25 being very disappointed because either they are

1 not using this new piece of equipment  
2 appropriately or something has changed in the  
3 household.

4 We want to leave them in a direction  
5 where they can still make their own choice rather  
6 than being prescriptive and say you must, you  
7 know, you would be completely foolish if you  
8 didn't replace this furnace because there may be  
9 an alternative for them. The furnace may not be  
10 the only answer. It could be the furnace, but  
11 they could also increase the insulation which  
12 actually may be less expensive and will have a  
13 longer life to it than the furnace. It depends,  
14 it just depends on the circumstance for that  
15 house.

16 VICE CHAIR PFANNENSTIEL: Other  
17 questions? Jean?

18 MS. CLINTON: Yes. As I am listening to  
19 this discussion, I am thinking about the parallels  
20 on the residential and the commercial side where  
21 on the residential side we talk about information  
22 gateway, and on the commercial side, we talk about  
23 benchmarking.

24 In both cases, I think the underlying  
25 premise is that there is a belief that if only



1     there were some easy way to give everyone a quick  
2     indicator, a first blush as someone said, sort of  
3     a metric of is this home or building relatively  
4     efficiently or relatively inefficient, that that  
5     would help steer customers, both motivate them to  
6     be interested in exploring what they could do, and  
7     then steer them into programs.

8             What I hear you commenting on is that  
9     for reasons of whether it is tools or systems or  
10    just scale, it is not something that is currently  
11    done. It is sort of expensive, it is not that it  
12    couldn't be done. I am just wondering if you  
13    could offer us more insight into given these lofty  
14    goals that the California utilities are facing, is  
15    there some other way you think is useful to begin  
16    targeting where the best opportunities are and  
17    bringing that to the attention of those consumers  
18    or decision makers because I think this is really  
19    what that is all about.

20            MR. DELAURA: I think the way to do that  
21    is there is going to be a variety of approaches  
22    that the utilities will be doing. Speaking from  
23    past experience, especially when it comes to mass  
24    marketing opportunities, I really do think that is  
25    the best way to do this is to educate customers,

1 much like you see public service messages that  
2 come out from Energystar or EPA and DOE in terms  
3 of the hierarchy of things.

4 Think about these things when you are  
5 looking at the efficiency of your home, think  
6 about these things. You do them in sort of high  
7 level things to look at. You want to lead them to  
8 the programs. The most important thing to do,  
9 rather than assuming that they should do one  
10 particular thing, is to get them to the offering,  
11 let them see what the offering is, let them make  
12 some choices.

13 As far as giving them indicators, you  
14 can do what I had mentioned before. You can say,  
15 look, in terms of the hierarchy of things that you  
16 can do, generally speaking, these will be most  
17 effective for many homeowners. As an example,  
18 there is a cost associated with those, but  
19 generally speaking, these will be the most  
20 effective. Let the customer then make their  
21 choice.

22 Assuming that they have had some sort of  
23 an audit, if this has happened with one of the  
24 third party auditors, the best hope is that  
25 resonates with them because they've got the

1 report. The report says your home is a this,  
2 whatever the rating scale is showing. These are  
3 the areas that your home can improve. Now they  
4 see the rebates associated with it, that's the  
5 best of all worlds, and hopefully they will make  
6 the right choice there.

7 VICE CHAIR PFANNENSTIEL: Lance, aren't  
8 you already doing that?

9 MR. DELAURA: We do that in many ways,  
10 yes.

11 VICE CHAIR PFANNENSTIEL: In other  
12 words, I think the response then to Jeanne's  
13 question really is that you are already doing the  
14 information in a general way?

15 MR. DELAURA: That's true. I guess let  
16 me go a little bit deeper here. If you are  
17 looking to go to the next level, and you would  
18 say, okay, what can we do. I think probably the  
19 best thing that you can do is use some of the  
20 billing systems that we have, some of the website  
21 communications that we do. We do print  
22 advertising. Right now we are doing radio, we are  
23 doing print advertising, we are doing some things  
24 with magazines in terms of winter prices.

25 There certainly could be some weaving of

1 message in there for customers. You can't say a  
2 lot in that type of advertising, but you can at  
3 least point them in the direction, and I still  
4 believe based on fourteen years of experience of  
5 running programs for our company, energy  
6 efficiency programs, that the best thing that you  
7 can do for a customer rather than saying you  
8 should do this is give them some useful  
9 information and point them to the tools to do  
10 something about it with.

11 Many customers make the right decision.  
12 Some of this stuff is driven by economics for a  
13 customer. In fact, a lot of cases it is, where  
14 someone will look and say, I would love to be able  
15 to do this, but I can't afford it or I am not  
16 willing to make that investment.

17 Now we have financing as you know that  
18 is provided for doing this, and there are going to  
19 be even broader ways of financing in this next  
20 cycle of energy efficiency. That is something  
21 that can be touted as well that I think makes a  
22 lot of these costs a little less burdensome in  
23 terms of the big hit.

24 As we talked about, you can amortize  
25 that over a period of time, you get the savings to

1 go with the cost that you are investing.

2 MS. CLINTON: I guess as I am listening,  
3 but what I hear is an implicit assumption that it  
4 is still up the consumer or the commercial  
5 building manager operator to make their own  
6 determination as to whether they think they are  
7 efficient or inefficient. If they think they are  
8 inefficient, then, there are these tools and  
9 avenues for them to explore.

10 If they wrongly assess where they are on  
11 a curve, if they wrongly assume that they are more  
12 efficient than perhaps they really are, they just  
13 may never get started on the path that you are  
14 suggesting is available.

15 MR. DELAURA: I think that is the  
16 challenge is really figuring out the balance of  
17 how we provide the basic information and what are  
18 the steps for getting the energy efficiency aspect  
19 that they might do, what are the steps that they  
20 can take to investigate that further or to get  
21 additional information.

22 I used to be a home builder for eighteen  
23 years before I came to work for the utility  
24 company, and I know Bob Raymer and those folks at  
25 CBIA very well. We talked about cookie cutter

1 housing where you have stock of housing of  
2 subdivisions, so let's use 1995, I'm picking a  
3 number out of the air, and saying those houses are  
4 reflective generally speaking of energy use. That  
5 you are going to go through that neighborhood, and  
6 you are going to see a lot of the same things,  
7 that is just not true.

8 It depends a lot on what the occupancy  
9 is, it depends a lot on what the lifestyle of  
10 those people are, it depends a lot on the way they  
11 designed their house after they moved into it.  
12 There could be houses that people are misusing, as  
13 an example. There could be houses that are  
14 maladjusted, that all of the problems that we know  
15 about in terms of insulation, there is a wide  
16 variety of things there.

17 There is no atypical example which you  
18 can point to. I think we want to do in my humble  
19 opinion is educate customers generally on the  
20 things they should look for, and then give them  
21 the opportunity to go to the next level whether it  
22 is with a home inspector, whether it is one of our  
23 audits that we can do, something that is on line.  
24 We want to point them in a direction.

25 You still have the customer to deal with

1     here.  You have the mentality of the customer.  
2     You can do all of these wonderful things, but if  
3     you haven't said the magic words to them, or if  
4     you haven't given them the right information, they  
5     are not going to do it anyway.

6                 MR. PENNINGTON:  I think one of the  
7     things that may be kind of subtle in what's  
8     written in the Information Gateway stuff is an  
9     expectation that the utility becomes an active  
10    manager if you will of a portfolio of energy  
11    consumers and are focusing on how to try to  
12    improve that portfolio over time and to monitor  
13    what's happening and to try to target and try to  
14    understand what is driving high energy use  
15    customers and try to figure out how to continue to  
16    provide messages to those people to take action,  
17    with the success of the utility being that they  
18    did cause the action.

19                Kind of underlying this idea is a very  
20    active roll of the utility as if you will managing  
21    a large population and trying to make improvements  
22    in that population over time, rather than a more  
23    passive attitude of providing information and  
24    whatever the customer does with that information  
25    is satisfactory.  I think it is kind of a subtle

1 difference, but it is a difference.

2 MR. DELAURA: I guess my response to  
3 that is we really need to look at this more  
4 carefully and see what that really means. You  
5 know, as an example, you look at the written word  
6 here, and it sounds very good, it is things that  
7 you would want to do, how do you do that? What  
8 are the systems that you need in place? I can't  
9 answer that for you sitting here. I don't think  
10 any of us have looked that closely at it.

11 They are great notions. I think as  
12 notions they make some sense. This working group  
13 that is referenced in here, I do think makes the  
14 best sense, to sit down and take a look at it and  
15 really understand. Look at several alternatives  
16 and say, here is Alternative A, this is probably  
17 the most expensive approach, it doesn't make  
18 sense. How many customers can you effect, what do  
19 you see the benefits occurring as a consequence of  
20 doing this?

21 Here is Scenario B, it is not expensive,  
22 there are other things that you are doing. Maybe  
23 you are getting to most of those customers, but it  
24 is much more cost effective. Maybe there is  
25 another scenario, it depends on how you look at



1     it. I personally think that is the best way to  
2     look at this rather than sort of saying, does this  
3     look okay to you because the words speak volumes  
4     here.

5             There is a lot in each one of these  
6     words in terms of what that means, what does that  
7     mean in terms of a computer system, what does that  
8     mean in terms of the dollars you spend in terms of  
9     managing this data. You know, monitoring the  
10    actions of the customers, there is a lot there.  
11    It certainly can be done, and I am not saying no  
12    to that by any means, I am just saying we need to  
13    understand it better.

14            VICE CHAIR PFANNENSTIEL: I guess I am  
15    concerned because this commission intends,  
16    although let me just say this committee intends to  
17    get a report on possible options or AB to the  
18    legislature by the end of this year. We have in  
19    front of us, the second or perhaps even the third  
20    draft of a report that contains this  
21    recommendation. If the recommendation is not  
22    going to work, I think we needed to have known  
23    that or we need to have an alternate version of it  
24    that we, as the Committee, can consider and then  
25    raise that to the full Commission.

1           That is really where we are right now,  
2   and that is sort of why we are really kind of  
3   pushing to see how far we can go with this. I  
4   mean, what is in the report right now would  
5   recommend creating a fairly elaborate information  
6   system, which certainly I think we all agree would  
7   be something we would all like to see. So, we  
8   just are pushing that this is something that when  
9   this report goes out, that is contained within it,  
10  we don't hear, but no, it is not possible to do,  
11  or it is much too costly to do. I am not really  
12  hearing that, I am hearing you don't have it right  
13  now, but you could do it.

14           MR. DELAURA: That's right. I guess  
15  what I would commit to do is first and foremost,  
16  we need to talk to the other utilities as well. I  
17  cannot --

18           VICE CHAIR PFANNENSTIEL: I understand  
19  that, but they have had this report also to look  
20  at.

21           MR. DELAURA: Understood.

22           VICE CHAIR PFANNENSTIEL: I don't know,  
23  is there anybody here from the other California  
24  IOU's? I mean, they have had the opportunity, and  
25  I assume that they will file comments by the end

1 of today if they are not here in person.

2 MR. RAYMER: Bob Raymer speaking to the  
3 Chair and to Lance, it might be a good idea on  
4 page 25 to take that last sentence in that  
5 paragraph down at the bottom of the page and  
6 putting that up at the front of the bullet and  
7 simply indicating that this group would be looking  
8 at a variety of things including the following and  
9 trying to come up with a cohesive way of  
10 implementing these strategies.

11 I think given the various utilities that  
12 I am familiar with, particularly PG&E, SMUD, and  
13 Edison, they are doing a lot -- well, they have  
14 the capabilities to do a lot of this, and in some  
15 cases, they are doing some of this, but it is not  
16 all blended in well.

17 I think you are looking at kind of a  
18 statewide endeavor as to where you've got some  
19 level of consistency of effort. I like what Bill  
20 is referring to, sort of the utility not getting  
21 in and actually doing all of this work, but  
22 serving as a central point, a manager if you will  
23 of kind of a traffic cop, directing the consumer  
24 calls, and you are directed to over here and here  
25 to get this and that.

1           They would pretty reasonably have the  
2   capability to do this, and I think this group that  
3   would be gotten together could help bring all the  
4   utilities together, and we could discuss just like  
5   we do in a lot of the other residential stuff in  
6   an informal fashion, kind of set up ways on how to  
7   do that. We would be listening for things that  
8   they can't do and thoughtful suggestions on how to  
9   get it done. That might be one good way to handle  
10  it.

11           VICE CHAIR PFANNENSTIEL: Thanks, Bob,  
12  good recommendation. Other questions, comments on  
13  this? Thank you, Lance, that was very helpful.

14           MR. CONLON: Tom Conlon, Energycheckup.  
15  Just to chime in on that very interesting  
16  discussion, I think there might be an  
17  opportunity -- tell me if this is perhaps a little  
18  bit too broad an expansion of the scope of the  
19  HERS II proceeding, but it occurs to me that many  
20  of the same issues that you are going to be  
21  resolving in this proceeding could have some  
22  bearing on this Information Gateway issue,  
23  specifically mentioning an issue that came up in  
24  one of the prior public hearings on this report  
25  having to do with the use of utility billing

1 information to calibrate the HERS rating model.

2 I think that issue is going to get fully  
3 flushed out already within the scope of the HERS  
4 II proceeding, and I think that is probably a  
5 great place to do it.

6 It has troubled me for many years that  
7 the utilities have individual audit engines that  
8 were developed at different times with their own  
9 unique service territory, building  
10 characteristics, and climate characteristics, and  
11 emphases. While they may have been appropriate  
12 for whatever the objectives were at that time,  
13 they probably can't be just scaled up to meet this  
14 whole state's needs. I think that is actually a  
15 weakness of some of the frankly broadly or widely  
16 used audit engines that are out there right now,  
17 that they were developed for unique service  
18 territories, and they have been kind over expanded  
19 beyond their appropriate original scope.

20 It seems to me that California has an  
21 opportunity in the HERS proceeding to address this  
22 issue on a statewide basis, come up perhaps with  
23 some general guidelines for how to do a simulation  
24 model of a building, and whether and how to  
25 integrate billing information for the improvement

1 of that model.

2 I would quickly submit there that I  
3 think collaborating the model with billing data is  
4 not the right approach. We would maybe do that in  
5 a load research study with actual year weather  
6 data, but we wouldn't want to do that in a typical  
7 meteorological year approach. That gets very  
8 technical very quickly, I hope you recognize that,  
9 but I think if there is any chance of harmonizing  
10 this, moving in the direction it sounds like the  
11 Commission wants to go, this might be a very good  
12 place to do that, obviously with full input from  
13 the utilities and their various consultant teams.

14 VICE CHAIR PFANNENSTIEL: Thank you.

15 MR. DELAURA: Could I add a comment to  
16 that? I think it would make sense because I do  
17 want to be responsive to your concern about the  
18 utilities having a position on this, that, first  
19 of all, they are fully informed, they understand  
20 what they are saying yes or no to.

21 My recommendation would be that whether  
22 it is formal or informal, that we could quickly  
23 form a working group. We do this a lot in a  
24 variety of areas, to take a look at this and  
25 report back to what our findings are. I don't

1 think it is going to take a month to do it, it is  
2 probably a week or two to take a look and at least  
3 have an indicator of what we can do and what we  
4 think we can't do. Would that be reasonable?

5 VICE CHAIR PFANNENSTIEL: You certainly  
6 can talk to the other utilities and give us a  
7 joint responsive. I do think that under the  
8 timing that we are working on, I believe that the  
9 schedule, and I think at the end we will get into  
10 the scheduling issues, that was hosted had written  
11 comments that were due today, so that we can  
12 incorporate those and get the committee report  
13 revised and back out and then move on from there.

14 As I know you are very familiar with, in  
15 order to get a decision out of the Commission by  
16 the end of the year, you have to back up a long  
17 ways in terms of getting revisions produced.

18 Having said that, i would offer that, if  
19 there is something that would come in by the end  
20 of this week, a written comment by the end of this  
21 week, I would certainly make sure that I and  
22 Commissioner Rosenfeld were able to consider that.

23 MR. DELAURA: Very good. Thank you.

24 VICE CHAIR PFANNENSTIEL: Further  
25 comments, additional comments?

1           MR. CENICEROS: Bruce Cenicerros with the  
2 Sacramento Municipal Utilities District. First of  
3 all, I want to congratulate you on bringing this  
4 report this far. It is looking really good, a lot  
5 of very strong recommendations in here that I  
6 think will have a real strong impact on the market  
7 and achieve the purpose of this whole effort.

8           I want to say something about I guess I  
9 will start with the Time-of-Sale Disclosure on  
10 pages 21 through 23. There seems to be a little  
11 bit of conflicting language in this latest  
12 version, and your intent wasn't really clear in  
13 terms of what you mean by mandatory HERS reading  
14 once you've done the pilot and assess the results  
15 of that.

16           On page 21 in the second paragraph, you  
17 say, there should be a statewide requirement for  
18 the disclosure of home energy ratings at the time-  
19 of-sale, and then you go on to say that some other  
20 things had to be done first, and you recommended  
21 aggressive steps in that direction.

22           On page 23, in the third full paragraph  
23 about half way down, it says in a two-phase  
24 process, phase one would require disclosure of  
25 ratings for homes built prior to 1982, and then



1     these two would extend mandatory disclosure to all  
2     homes being sold. Right below that in the next  
3     paragraph, it starts although the rating would be  
4     mandatory.

5             Then on page 23 on the second bullet,  
6     the second line at the end there says, basically  
7     homes should receive a HERS rating and a softer  
8     language there.

9             I just need to ask before I know how to  
10    comment on that, is it your intent that once you  
11    evaluated the results of the pilot and see if this  
12    is a workable effort, is it your intent to require  
13    that before a home may be sold, they must do a  
14    HERS rating, and the information from that HERS  
15    rating must be disclosed to the buyer, or is  
16    something softer than that?

17            VICE CHAIR PFANNENSTIEL: That is one  
18    possible outcome of the pilot. I think we have  
19    tried and maybe that is the ambivalence you've  
20    read into the language. We've tried not to pre-  
21    judge the outcome of the pilot.

22            Our working hypothesis going in is we  
23    think that would make a good idea, or that is the  
24    intent of the report right now. It seems like  
25    that would be a good idea, and we say that.

1     However, until we have done the pilot and  
2     evaluated the outcome, we are not prejudging that.

3             MR. CENICEROS:   Maybe you could rephrase  
4     some of this language to clarify what options you  
5     are considering.   Maybe it is a continuum of  
6     options from some kind of voluntary disclosure  
7     program relying on realtors representing  
8     especially the buyers that urge their clients to  
9     make sure a HERS rating is done before the home is  
10    old or maybe they would be urging their seller  
11    clients to do that to protect them from liability.

12            The strictest version of that would be  
13    requiring that the HERS rating be done and the  
14    information disclosed before the home could be  
15    sold and that these would be options, range of  
16    options you would consider after evaluating the  
17    pilot.

18            My sense is that the softer end of that  
19    spectrum probably wouldn't have a great deal of  
20    impact because if you look at home inspections,  
21    the only reason they are being done in the numbers  
22    that they are is because most lenders require the  
23    buyers, the holders of the loans, to have that  
24    done to protect themselves, the lenders.

25            With all the other requirements that

1 have been mentioned here during this transaction,  
2 they are not going to volunteer to do something  
3 that people don't see as a liability issue.  
4 People are used to paying a lot of energy in older  
5 homes, they think it is something they have to do,  
6 they are not likely to sue somebody over it if  
7 they find out their bills are \$250 or \$300 a month  
8 once they get into a home.

9 That is one bit of caution in terms of  
10 ones who evaluated this, make sure you really look  
11 at how you would execute the voluntary version of  
12 this strategy and do some good market research  
13 maybe to get a sense during the pilot of what this  
14 voluntary rate of utilization of this mechanism  
15 would be and make sure it is not too low to really  
16 have an impact.

17 I also wanted to comment on the schedule  
18 as the woman representing CAR mentioned, that is  
19 rather an ambitious looking schedule there. I  
20 think what would help is that if maybe the -- this  
21 is Table 4-2 on page 24, the first six rows in  
22 that table there look like activities or most of  
23 them are activities relating to the pilot.

24 I think it would help, like you have  
25 done in other tables for other strategies, to have

1 a row in there saying implement the pilot and when  
2 that would be done. Personally, I can't see how  
3 that could be done before maybe 2007, and it might  
4 take a full year to do the pilot and a full year  
5 to evaluate the results and get in place the  
6 infrastructure you need or legislative authority  
7 if you are going with a more stringent route to do  
8 something in 2009. So, you might want to  
9 reexamine this schedule and see what would be  
10 realistic there as well as clarifying those  
11 points.

12 On equipment tune ups, I like what's  
13 recommended here a lot. I don't to the extent  
14 that the people involved in preparing the report  
15 and their consultants are aware of what Consortium  
16 for Energy Efficiency is doing right now working  
17 with Energystar and all of the CE members  
18 including the California utilities and NATE to do  
19 an initiative for quality installation of  
20 equipment at the time of replacement is very  
21 related to the things that you are proposing here.

22 At a minimum, you might want to add  
23 those actors in your action table there. They  
24 should definitely be at the table and help you  
25 figure out how to proceed with that build off of

1     what they've already learned.

2                 Regarding the whole-house diagnostics,  
3     let's see, page 31, there was no action item  
4     regarding securing funding. I assume if you get  
5     so far down this action plan, you are going to  
6     make a go/no go decision and need to secure  
7     funding one way or another. I imagine you need  
8     some kind of legislative authority for a new  
9     funding if the CEC were going to do this.

10                It wasn't clear to me whether it was  
11     going to be CEC money or the public goods money  
12     through the IOU's from this. If it is the latter,  
13     then maybe it just needs to be made clear in there  
14     that is your intent, or maybe I missed it  
15     somewhere else.

16                Just to wrap up here, Commissioner  
17     Pfannenstiel had asked about the role of Muni's in  
18     all this. As the only muni here, I guess I will  
19     have to try and respond to that and first point  
20     out that municipal utilities come in all shapes  
21     and sizes. You've got the larger more  
22     sophisticated muni's like SMUD and LADWP that have  
23     a lot of resources at their disposal and a lot of  
24     staff available to plan new programs and try and  
25     do some things that are more cutting edge. You've

1 got very small rural utilities who may not be  
2 spending any significant funds at all in energy  
3 efficiency, all the public goods money is going to  
4 low income programs or something else.

5 Don't expect all muni's to participate,  
6 but I can speak for SMUD and say that we  
7 definitely are interested in supporting most of  
8 these initiatives and looking hard at your  
9 proposals here and how we can start doing some of  
10 these things right away, and we would be very  
11 interested in participating in any working groups  
12 in some of these areas to flush out the details.

13 You might want to, if you haven't done  
14 so already, approach CMUA at one of their regular  
15 meetings and get a read from that organization in  
16 terms of what they could provide as well, but we  
17 definitely are pleased to support this effort and  
18 will continue to do so.

19 Questions?

20 VICE CHAIR PFANNENSTIEL: Great, thanks,  
21 Bruce. I do have a question. The discussion we  
22 had with San Diego Gas and Electric and So Cal Gas  
23 representative on the Information Gateway,  
24 essentially computer system, billing information  
25 system, as to described in the current version of

1 the report.

2 Would SMUD be able to comply with that,  
3 and is that something you have already available  
4 on your customer information system?

5 MR. CENICEROS: I have not looked into  
6 this sufficiently enough to answer that question  
7 well. I can tell you a few things I do know. One  
8 is we've thought about doing on-line billing which  
9 the IOU's have now taken off with. We were unable  
10 to do that. Now we are going to a new billing  
11 system very soon here, and it may be possible to  
12 do these kinds of things with that new system. I  
13 know it had a lot more flexibility. We can even  
14 customize information that goes to each individual  
15 customer on their bill in a lot of ways.

16 There may be ways to do that, it is a  
17 question of linking different systems. I know  
18 with other systems we have at SMUD and the IOU's  
19 probably can't relate to this, we have one data  
20 base over here and a financial and tracking system  
21 over here, and they can't talk to each other.  
22 The other system has all the energy consumption  
23 information.

24 Those are the challenges. Each of these  
25 systems came in at different times, the Hoover era

1 and then on recently. They vary in their  
2 capabilities from utility to utility. We are all  
3 using different tools, but I can look into that  
4 and see if it might be a possibility. I suspect  
5 it will take a few years before we would really be  
6 able to do everything that you are thinking of  
7 here, but we could probably do some of them in  
8 that short of time frame.

9 VICE CHAIR PFANNENSTIEL: Thanks. Other  
10 questions?

11 MS. WHITE: Yes. Bruce, what are your  
12 thoughts on the multi-family options, and what has  
13 SMUD's experience been?

14 MR. CENICEROS: We support the  
15 recommendations you have in here right now. We  
16 also are looking at doing more multi-family right  
17 now independent of this effort, but for the same  
18 reasons.

19 Multi-family tends to get ignored, it is  
20 kind of between the residential programs and the  
21 commercial programs. They are a little bit less  
22 homogenist than let's say single family homes are  
23 or high rise buildings. They get short shrift in  
24 a lot of utility programs, and we've recognized  
25 that has been true at SMUD, but there are a lot of



1 challenges there. Do you have any specific  
2 recommendations you want reactions to?

3 MS. WHITE: I guess I am fishing for  
4 what kinds of experiences SMUD has had in trying  
5 to deal with that sector and what types of  
6 strategies you may be pursuing in the future to  
7 better capture that sector?

8 MR. CENICEROS: It is kind of been an on  
9 again/off again experience in the past, I think.  
10 I've only been at SMUD for a year, so I don't know  
11 the full history there, but from what I hear,  
12 we've made attempts in the past to really dig in  
13 to multi-family, either expand a residential  
14 program or a commercial program to do it or do it  
15 through one of our low income programs and just  
16 focus on low income multi-family.

17 Generally, the staff have got drawn back  
18 into the core functions that are a little bit  
19 easier to manage. It seems to be that there has  
20 been no driver there. There has been no one when  
21 that has happened that has said, we've got to keep  
22 at this because it is hard to do. I don't know if  
23 there are advocates out there in the community  
24 that are really pushing utilities to do this.

25 Right now we can serve any multi-family

1 project that comes to us, and we are doing some  
2 retrofits, appliances, and lighting, and things  
3 like that right now, but they are not real in  
4 depth programs where they are getting deep energy  
5 savings with a comprehensive look at these  
6 facilities. That is really where we would like to  
7 go in the future, and we have been talking about  
8 this. The problem is there is only so much time,  
9 and it is a complicated area.

10 VICE CHAIR PFANNENSTIEL: Jeanne, do you  
11 have a question?

12 MS. CLINTON: I also wanted to come back  
13 to the same issue that we discussed with SEMPRA in  
14 terms of the role of benchmarking and more  
15 universal sort of quick blush indicators to all  
16 types of energy consumers on where they are in the  
17 efficiency curve and whether SMUD does that now,  
18 has thought about doing it, thinks it would be at  
19 all useful in terms of helping to identify those  
20 where presumably there is a substantial  
21 opportunity for improvement.

22 MR. CENICEROS: We think benchmarking is  
23 a good idea. It is all in the tool, the quality  
24 of the tool and the degree to which you lump too  
25 many people that are too different in nature and

1     how they use energy into the same categories for  
2     the purpose of comparison.

3             The devil is going to be in the details  
4     of how it is implemented, and I am not real  
5     familiar with the details of the green building  
6     initiative right now as it is moving forward.  
7     These are just cautions we've put on the record in  
8     the past workshops, and I'll just echo again,  
9     benchmarking is good in concept, you just have to  
10    be careful that you don't send a certain customer  
11    a signal that they are done. That they are energy  
12    efficient, they don't need to do more when in  
13    fact, it is some special circumstance of their  
14    building that makes their energy use look low  
15    compared to the rest of the people in their group.

16            The opposite can happen too where you  
17    send false negative signals to buildings that just  
18    have a lot going on in the buildings that other  
19    buildings don't. They are actually doing a pretty  
20    good job and you could spend a lot of effort out  
21    there following up, finding out that there are  
22    already very efficient, there is not a lot you can  
23    do here.

24            MS. CLINTON: Let me just take one more  
25    pass at asking this question a different way.

1 Does SMUD do anything now to target where the best  
2 opportunities are for energy efficiency other than  
3 maybe on a appliance by appliance or end use  
4 level, but in terms of individual customers, do  
5 you have something that goes in to your strategic  
6 planning or your marketing or your customer  
7 outreach that tells you we should target this  
8 group or sub-segment of customers because we've  
9 analyzed them and we think they've done little?

10 MR. CENICEROS: To a certain degree,  
11 yes. A lot of our work is reactive where we wait  
12 for a customer to come to us and tell us if their  
13 bills are high and they would like to do something  
14 about that. We have targeted specific types of  
15 facilities in the non-residential areas that we  
16 know use a lot of energy, hot water pumping, waste  
17 water treatments, industrial processes, and large  
18 commercial buildings just because they use a lot  
19 of energy, there are usually a lot of  
20 opportunities there that are worth our time to go  
21 out there.

22 What we are trying to do in the future  
23 is use the billing data that we have in a lot of  
24 the ways you are talking about with this Gateway  
25 concept, at least with our large customers to

1 identify the best candidates for reducing,  
2 especially peak load as well as energy use.

3 Strategically, you know, to start trying  
4 to chip away at the summer peak on our system load  
5 curve. This is just part of a larger strategic  
6 planning process we are just now beginning, and  
7 that is one of the ideas that has come up. It has  
8 come up before, and we just don't have the tools  
9 in place to do a good job at that right now other  
10 than looking at all of our large customer's energy  
11 bills one by one as we still do. Does that answer  
12 your question?

13 MS. CLINTON: I think to the best of  
14 your ability, yes, I think so.

15 MR. CENICEROS: Yeah, some of this is an  
16 area that I am not real involved, but I could put  
17 you in touch with the people who are if you want  
18 more details.

19 VICE CHAIR PFANNENSTIEL: Any other  
20 questions? Thank you, Bruce.

21 Are there other -- Bob.

22 MR. RAYMER: Bob Raymer with CBIA. You  
23 had mentioned multi-family housing, and this is  
24 something that I am quite familiar with. Prior to  
25 coming to work for CBIA in the early 80's, I

1 managed both on-campus and off-campus facilities  
2 for students at Sac State. In particular, for two  
3 years, I ran the largest off-campus housing  
4 facility that was comprised over 200 condominium  
5 and apartment units, and I can say for years and  
6 years prior to coming there and during the time  
7 that I was there, from the middle of June, because  
8 we were on semesters at Sac State, from the middle  
9 of June to the middle of August, it is a ghost  
10 town.

11 If everyone had the ability to look at  
12 low hanging fruit and the multi-family market,  
13 probably about a third of your multi-family  
14 housing in Sacramento caters to -- we've got so  
15 many campuses around here whether it is junior  
16 college, CSU, or UC Davis, there are huge periods  
17 of time when these units are dormant, where you've  
18 got easy access. Access to multi-family housing  
19 is one of your biggest hurdles, but I would say  
20 anywhere from probably a good ballpark would be  
21 about a third of your multi-family construction,  
22 you would probably have access to it.

23 The utility would, the management does,  
24 we use that period in the summer at Sac State to  
25 effectively do all of our year-end maintenance,

1 the painting, the mopping up of the beer, and  
2 everything else. In the late 70's, energy  
3 efficiency wasn't a hot topic, thinking back, we  
4 easily could have implemented huge massive  
5 programs at any given time for our 200 plus units,  
6 catering to 800 students.

7 We also had a network of communication  
8 with all the other campuses because I had been  
9 related with on-campus housing, and they pretty  
10 much run things the same way. We were trying our  
11 best to maximize profits and everything else, and  
12 I think you will find out throughout California,  
13 there is a huge chunk of your multi-family market  
14 that utilities and others would have easy access  
15 to with the management of these facilities if they  
16 are located close to the college campuses.

17 VICE CHAIR PFANNENSTIEL: That's great,  
18 thanks. Good idea. Yes?

19 MS. BRODE: Elizabeth Brode with the  
20 California Association of Realtors. If you could  
21 just give me a minute, I know this is kind of  
22 nitty gritty, but this pertains to the disclosure,  
23 page 21.

24 On the second paragraph it says the  
25 Efficiency Committee believes that ultimately

1     there should be a statewide requirement for the  
2     disclosure of home energy ratings at time-of-sale.  
3     A home energy rating, that type of information,  
4     would largely be considered a material fact about  
5     the home. So, it is already required to be  
6     disclosed in a written document from Civil Code  
7     Sections 1102 and 2079. So, the requirement for  
8     disclosure, this would likely fall into that, so,  
9     that doesn't need to be addressed because it would  
10    likely be a material fact.

11           VICE CHAIR PFANNENSTIEL: Okay, I'm not  
12    sure I quite understand, though. If the home has  
13    not had a home energy rating, then, there is  
14    nothing to disclose, right. So, I think what we  
15    are suggesting here is that there should be a home  
16    energy rating, and then that would be disclosed.

17           MS. BRODE: Okay, well, then the way  
18    that this sentence is written, it is just  
19    technically incorrect in the sense that it is just  
20    requiring the disclosure of information that is  
21    already exists.

22           The paragraph below that it says here  
23    that current law Civil Code 2079.10 requires that  
24    real estate sellers and brokers provide a booklet,  
25    etc. Actually, we are not required to provide



1     those booklets, but under Civil Code Section 2079,  
2     if we do provide those booklets, make them  
3     available, then our realtors are then, they  
4     receive immunity then, it is considered a full  
5     disclosure. So, that would be the difference  
6     there. It is not actually a requirement, but  
7     should we give that as a disclosure document, then  
8     it is considered. We are immune. All right, so,  
9     that's it.

10           VICE CHAIR PFANNENSTIEL: Okay, with  
11     those corrections, are there others here who would  
12     like to address the Committee on the draft  
13     document that is front of us? If not, I would  
14     expect that there be some comments coming in, in  
15     writing, presumably today, I think perhaps we will  
16     get something by the end of the week that we will  
17     also consider. Otherwise, the Committee will take  
18     what we have in front of us and make whatever  
19     revisions are indicated and make sense to the  
20     Committee based on the record of the proceeding so  
21     far.

22           Yes, Tom?

23           MR. CONLON: This is Tom Conlon,  
24     Energycheckup. Just before we close, I am hoping  
25     to see if I and perhaps there is some feedback

1     that we in the public can get to some important  
2     issues I think that have been raised.

3             The Table 4-2 is the Action Plan Steps,  
4     and I know I have asked for some integration of  
5     the utility 2006-2008 program planning that is  
6     already underway to be included in that table.

7             I know Elizabeth with CAR has stated  
8     that this schedule looks pretty aggressive. I  
9     think there is wide acknowledgement around the  
10    room that is probably the case.

11            What I guess I am wondering is there  
12    acknowledgement that one year is too aggressive a  
13    time line for a pilot program, or is the pilot  
14    program the 2006-2008 utility cycle, or is the  
15    pilot program truly an independent CEC  
16    administered pilot program. I am looking for some  
17    clarification on that before we close today.

18            VICE CHAIR PFANNENSTIEL: I don't think  
19    you are going to get clarification on it before we  
20    close today. I think that Art and I, Commissioner  
21    Rosenfeld and I will talk with each other, we will  
22    talk with staff, we will confer with our advisors  
23    and consultants and make whatever revisions we  
24    think are then indicated.

25            MR. CONLON: That's very good. I am

1 leaving today with a very clear understanding that  
2 is an unresolved -- the Action Plan is unresolved  
3 right now with respect to who is really  
4 responsible for the pilot stage and when it is  
5 occurring.

6 VICE CHAIR PFANNENSTIEL: I might  
7 suggest that you can consider virtually all of the  
8 issues raised here today unresolved at the moment,  
9 and I think that there are. You know, I don't  
10 think the next version of this report will be see  
11 change in terms of policy. I think the policies  
12 are well articulated, but I do think that you will  
13 see some changes, both from the discussion here  
14 today and from comments that I do expect to  
15 receive in from others.

16 We will try to clean up the report, we  
17 will try to strengthen it, and Art and I will talk  
18 some about whether there are policy changes or  
19 scheduling changes. Thank you.

20 Having said that, I will ask Bill  
21 Pennington to talk some now about the schedule for  
22 our attempt to get this report to the legislature  
23 by the end of this year.

24 MR. PENNINGTON: In order to do that, we  
25 would be at the business meeting of the Commission

1 on December 14, and we would need to have the  
2 document out two weeks in advance of that, so, the  
3 schedule that we are on would have posting of the  
4 final version of the report on December 1. That  
5 gives us actually very little time with the  
6 Thanksgiving vacation in there to turn around the  
7 document.

8 VICE CHAIR PFANNENSTIEL: All right,  
9 that is what we are attempting to do. I should  
10 point out there is only one Commission business  
11 meeting in December, and that is why we only have  
12 the December 14 date that is available to us to  
13 try to get Commission adoption of a report then  
14 before the end of the year.

15 Any further business to raise before the  
16 Committee?

17 Thank you all for participating.

18 (Whereupon, at 12:00 p.m., the workshop  
19 was adjourned.)

20 --oOo--  
21  
22  
23  
24  
25

## CERTIFICATE OF REPORTER

I, CHRISTOPHER LOVERRO, an Electronic Reporter, do hereby certify that I am a disinterested person herein; that I recorded the foregoing California Energy Commission Workshop; that it was thereafter transcribed into typewriting.

I further certify that I am not of counsel or attorney for any of the parties to said workshop, nor in any way interested in outcome of said workshop.

IN WITNESS WHEREOF, I have hereunto set my hand this 9th day of November, 2005.

Christopher Loverro

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